

Carla Anderson

STATE ADMINISTRATION

Exhibit No. 3

Date 2-9-07

Bill No. SB-359

Madam Chairman and members of the committee,

My name is Bob Brastrup and I am the vice-chair of the Montana Board of Horseracing. My appearance before you today, however, is as a member of the general public, not as a representative of the board. I repeat, I am representing myself and not the Board of Horse Racing, and I strongly oppose this bill, SB359.

I would first like to point out that at a publication cost of \$50 per page, the passage of this bill will result in a cost of about \$10,000 to update the codes

that is I call your attention to Section 23-4-101 (3). This section moves the Montana Board of Horse Racing from the Department of Livestock to the Department of Agriculture, a move the ~~Department of Agriculture says~~ like reinventing the wheel, it is unnecessary and will accomplish nothing. The printing of new forms used by the Board will cost about \$10,000. That's a very needless expense, especially since the Board was recently moved to the Department of Livestock. Without an additional appropriation the Board would have to take purse and or breeder/owner bonus money to pay for this cost.

Currently the Board is charged with the responsibility of licensing and regulating racing. The board is regulatory in nature. 23-4-105 (3) changes that and adds promotion to the Board's duties – and includes no funding mechanism to allow the Board to meet this new requirement.

23-4-105 (3) (a) states the Board shall actively promote the breeding industry. I guess one is to assume that the purpose is to promote the race horse breeding industry but it does not say that – it says breeding industry and does not define the term. I must inform you that there are people who claim to be race horse breeders who do not own or sell horses that race in Montana. Their entire production is sold outside Montana and any horses they own and race are run outside of our great state. Is this a part of the industry that the Montana Board of Horse Racing will be required to promote? If so how does this help Montana race tracks? How does it help Montana horse racing?

I also need to point out that the Montana Board of Horseracing is funded by people who place wagers on horse races. The Board also receives some income from license fees paid by those who are involved in racing horses in Montana, be it jockeys, owners, ~~Breeder~~, trainers, etc. If you don't race in Montana, or bet on races in Montana, you don't contribute financially to the Montana Board of Horse Racing.

Also, if I read the section correctly, race tracks are charged to promote the breeding industry – and again I assume it is the race horse breeding industry. My personal opinion is the tracks will be less than enthusiastic to promote breeders who provide no race horses for Montana tracks. Why should they?

Two things about 23-4-105 (3) (a) really amaze me. First, the proponents of this section must be the only ones in Montana who feel the State can do a better job promoting their private industry (race horse breeding) than they can do themselves. The second amazement is the proponents apparent believe that taxpayer money should be spent to promote an industry the race

horse breeders appear unwilling to do themselves. Wheat & barley producers pay an assessment on their own production, livestock producers have the beef checkoff, and an additional assessment is paid to the Montana Department of Livestock – even 4-H members who own beef cattle pay the checkoff and the department fees, pork producers, including 4-H members, pay a checkoff. As a 10 or 12 year or 4-H member I was voting to withhold part of my wool and lamb incentive payment to promote the sheep and wool industry. I am not aware of any such program, or movement to establish such a program for race horse breeders. If Montana race horse breeders want their industry promoted, perhaps they should come before this committee with a request for a race horse commission, funded by an assessment on stud fees, race horses sold, maybe even an annual assessment on race horses. I strongly object to the use of taxpayer funds, which this bill would require if passed, to promote a private enterprise that is not funding its own promotional campaign. Funding the promotional aspects of this bill will open the floodgates for those who already assess themselves and will certainly want equal access to taxpayer dollars to promote their interests.

Horseracing boards in the neighboring states of Wyoming, South Dakota, Idaho, and Oregon have no legislative mandate to promote horse racing. North Dakota does not promote. Washington is responsible for both regulation and promotion. However they do not have enough money to do both and regulation duties come first. The boards are, in general, fund managers and are regulatory in nature.

Again I point out the current purpose of the Montana Board of Horse Racing is to license and regulate horse racing and to make sure the betting public is protected from such unscrupulous activities such as drugging horses, committing fouls during a race to gain an unfair advantage, etc. The Board assesses fines and penalties when the guidelines and rules are not followed. It is very hard to be "best buddies" with those you regulate. What's good for one track, breeder, or owner, may not be in the best interests of another. By the time a dispute has been appealed to the Board of Horseracing, you can be sure that the contesting parties regard any decision as being a win/lose situation and one side will look at the board as just and fair and the other side will claim the board is biased and unfair. That is quite an atmosphere in which to promote collaboration.

23-4-105 (3) (b) states the Board of Horseracing, in collaboration with local racetracks will actively promote the development of high-quality racetracks. This is a very tall order with Shelby, Kalispell and Missoula all closing in the very recent past. When a community decides to develop a racetrack, I think the Board would be very willing to assist them develop the highest quality track the community can afford. I don't feel however, that the board should go to a community and say you have to develop a racetrack – or come between those who want local government to develop a track, and local government officials who are not convinced such a project is in the best interests of the community.

I now draw your attention to the entire section 2-15-3106. This section revises the Montana Board of Horse Racing to provide for five members in place of seven. My first question is whether this is a prudent move since the proponents of this bill want to so greatly increase the duties of the Board.

Breeder Requested 7 day. members

This bill directs that one member of the board must be in the horseracing breeding industry. If a race horse breeder does not race in Montana, or is not listed as a breeder of any horses that race in Montana, why should that person be on the Board of Horse Racing? Why do the proponents

of this bill leave out the owners? There are individuals who own horses that race in Montana but are not breeders. According to this bill, they are excluded from being on the board.

The bill also directs that a member of the board must be involved in horseracing track management. As I mentioned earlier, Shelby, Kalispell and Missoula have all dropped racing from their program; Kalispell last year and Missoula this year. Horseracing track management is not defined, but I assume the intent is for managers of Montana racetracks actively involved in horseracing. If that is so, at the current time, there are only three people who qualify as only Great Falls, Billings and Miles City will run races this year. What happens if no manager wants to serve on the Board? This bill narrows significantly, who the Governor can choose to serve on the board. If economics result in only one race track in Montana, does this mean the race track manager is a permanent member of the board? Currently the statute says two members of the Board must be in the horseracing industry and the present makeup of the board includes a representative of track management and a breeder/owner

My final objection to this bill is the over-all cost. The Board has no funds to do any of the required activities unless it takes from existing funds which have since 1996 gone to tracks for purse enhancement. Any deduction from existing purses will seriously hamper race meets, if not cease their operation entirely. Recommendations from advertising agencies indicate it would cost a minimum of \$350,000 per year to mount an effective advertising campaign. Again I want to point out that this bill gives the horse ~~owners and~~ breeders a free ride. They're contributing nothing to funding a promotional program which they feel is so important.

This bill is so seriously flawed that there is no way to fix it and it deserves death. Please have mercy and kill it quickly.

Thank you.

Bob Brastrup

Wheat & Barley

Insurance

Tom Williams Gambling Killed
us -

Responses from other jurisdictions regarding promotion question.

Relevant portions of each response are below.

Wyoming

"Wyoming does not have any legislative mandate to promote the industry other than to oversee the breeders' award program."

North Dakota

"North Dakota does not do any promotion themselves nor do they control the promotions. They dole it out to the tracks as requested. They are regulators and fund managers."

South Dakota

"The South Dakota Commission on Gaming does not have a responsibility to promote horse racing."

Delaware

"Racing Commissions have to maintain their regulatory authority and maintain their objectivity, being careful of not getting too involved in promotion venues that they may have to sanction or rule on at some future date. Regulation of an honest horse racing program, maintaining the highest standards in integrity and drug testing are the best things that a Racing Commission can do to promote their industry within their jurisdiction and elsewhere."

Alabama

"The Mobile County Racing Commission is a regulatory body only, we are not charged with promoting. I would not be very comfortable being put in the role of promoting the race track."

Virginia

"The in the past 2 years, the General Assembly has provided marketing dollars in the Racing Commission's budget which should amount to approximately \$750,000. In marketing, \$750,000 is not a lot for money but for 2007, we are about to embark on a public relations campaign (no advertising) to help develop awareness of the horse industry in Virginia."

British Columbia

"In British Columbia, we are regulators only."

Louisiana

"The enabling legislation that set up the Louisiana Racing Commission mandates that it is the public policy of the state to institute and maintain a program to encourage and permit the development of the business of horse racing and the breeding and ownership of race horses. In reality, however, we have no money to market or promote in any meaningful way....Our current promotion of the sport comes from one third of our budget going to breeders in the state in the form of breeders' awards."

Illinois

“The Illinois Racing Board is not directly charged with the responsibility of promoting horseracing. The legislature put that responsibility on the racetracks by requiring a substantial marketing effort as a condition of race dates.”

Florida

There is no requirement or authority to assist in the marketing or promotion of the industry.”

Arkansas

“Arkansas does not have that obligation for the commission.”